Sec. 1. STATE OF SPECIAL EDUCATION DELIVERY; AGENCY OF EDUCATION; REPORT

(a) On or before September 1, 2025, the Agency of Education shall submit a written report to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance with detailed information regarding the current state of special education delivery in Vermont, including an update on the implementation of special education changes enacted pursuant to 2018 Acts and Resolves No. 173 (Act 173). The report shall include a description of the current state of support for students with disabilities in Vermont and recommended changes to structure, practice, and law with the goal of:

(A) improving the delivery of special education services and managing the rising extraordinary special education costs as Vermont's special education finance system transitions from a census block grant to a weight for special education costs;

(B) ensuring better, more inclusive services in the least restrictive environment, in a way that makes efficient and effective use of limited resources while resulting in the best outcomes;

(C) responding to the challenges of fully implementing Act 173 and the lessons learned from implementation efforts to date;

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(D) ensuring that the delivery of special education is responsive to student needs;

(E) addressing drivers of uncontrolled growth of extraordinary expenditures in special education; and

(F) making recommendations for a transition to a weighted formula for funding special education, including for changes to practice and delivery that facilitate this transition.

(b) The report shall include the following:

(1) an evaluation and description of trends in special education in Vermont including:

(A) for each local education agency for each of the past 10 years:

(i) the number of students with IEPs;

(ii) the average per pupil cost for students with disabilities in public school programs, nonprofit independent school programs, and for-profit independent school programs, disaggregated, inclusive of extraordinary spending and any costs above general tuition rates;

(iii) the number of years of experience, training, and tenure of special education staff;

(iv) the growth or reduction in full time equivalent staffing for special education educators, interventionists, and paraprofessionals over the

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last 10 years public school special education programs, nonprofit independent school programs, and for-profit independent school programs, disaggregated;

(v) the aggregated proportion of students who spend time in special education programs outside of a general education classroom over the past ten years; provided, however, that in case of school districts that merged within the last ten years, results from merging units prior to merger can be aggregated to mirror their merged composition; and

(B) for special education programs outside of a general education classroom, provide a map that includes all public, independent nonprofit, and independent for-profit providers of specialized placements and therapeutic settings and include the following information for each program:

(i) disability categories served;

(ii) grade levels served;

(iii) the number of students with IEPs and the average duration of time each student spent in the program over the last 10 years;

(iv) average per pupil cost, inclusive of extraordinary spending and any costs in excess of general tuition rates;

(v) years of experience, training, and tenure of licensed special education staff;

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(vi) the growth or reduction in full time equivalent staffing for special education educations, general education educators, and interventionists over the last 10 years;

(vii) a review of the findings of all investigations conducted by the Agency of Education; and

(viii) a review of the Agency's public assurance capabilities, with respect to special education programs in all settings, and an analysis of the effectiveness of current oversight or rule, and recommended changes if needed.

(2) an evaluation of the state of implementation of Act 173, including examples of where implementation has been successful, where it has not, and why, including:

(A) what enables or limits the extent to which superintendents and other school district and supervisory union leaders are able to provide leadership to ensure classroom teachers build their repertoire of developmentally appropriate skills and differentiated instructional models;

(B) to what extent instruction in Vermont schools related to reading and writing skills is based on an understanding of neurological and language development;

(C) to what extent do superintendents understand the science of language and reading and emotional and social development and how is this reflected in their leadership practice; and

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(D) whether the independent school reimbursement funding model depletes block grants to public schools and undermines implementation of Act 173;

(3) identification of drivers of accelerating costs and challenges to the success of students with disabilities;

(4) a description of how special education is funded in public schools, independent for-profit schools, and independent nonprofit settings with the benefits and risks of each funding model;

(5) an assessment of whether Vermont's current special education laws ensure equitable access for all students with disabilities to education alongside their peers in a way that is consistent with the Vermont education quality standards for public schools and the right to a free appropriate public education (FAPE) under the Individuals with Disabilities Act, 20 U.S.C. §§ 1400-1482;

(6) a review of the capacity of the Agency to support and guide school districts on the effective support of students with disabilities, as well as compliance with federal law, which shall include:

(A) a review of final reports of investigations conducted by the Agency in therapeutic schools in the previous 10 years and an evaluation of what practices could reduce adverse findings in these settings;

(B) an assessment of the ability of the State to ensure state resources are used in the most efficient and effective way possible to support the success

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of students with disabilities and their access to a free and appropriate public education;

(C) a review of any pending and recent federal findings against the State or school districts, as well as progress on corrective actions;

(D) a review of the Agency's staffing and capacity to review and conduct monitoring and visits to schools, especially independent settings; and

(E) a description of the process and status of reviews and approvals of approved independent schools that provide special education and "therapeutic" schools;

(7) recommendations for needed capacity at the Agency to provide technical assistance and support to school districts in the provision of special education services;

(8) an analysis of whether more strategic support for better primary first instruction and more successful implementation of Act 173 needs to be in place for a weighted funding model for special education to succeed, including a suggested transition timeline, with indicators, to be incorporated into the Agency's strategic plan; and

(9) if warranted, a review of options for changes to practice, structure and law that ensure students with disabilities are provided access to quality education, in the least restrictive environment, in a cost-effective way that is consistent with state and federal law, which may include a review of the

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possible role of BOCES and the impact of larger districts on effective, high-quality support for students with disabilities.

Sec. 2. SPECIAL EDUCATION STRATEGIC PLAN; AGENCY OF EDUCATION

(a) Strategic plan. In consultation with the State Advisory Panel on Special Education established under 16 V.S.A. § 2945, the Agency of Education shall develop a three-year strategic plan for the delivery of special education services in Vermont. The strategic plan shall include unambiguous measurable outcomes and a timeline for implementation. The strategic plan shall be informed by the analysis and findings of the report required of the Agency under section 1 of this act and be designed to ensure successful implementation of Act 173 and provide the supports and processes that need to be in place for the transition to a weighted funding model for special education to succeed, including a suggested transition timeline, with indicators. The strategic plan shall also include contingency recommendations for special education funding in the event federal special education funding under the Individuals with Disabilities Act, 20 U.S.C. §§ 1400-1482, is no longer available.

(b) Review. On or before December 1, 2025, the Agency shall submit the three-year strategic plan required pursuant to subsection (a) of this section to the Special Education Oversight Panel established under section 3 of this act.

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Beginning January 15, 2026, and every six weeks thereafter, the Agency shall provide the Oversight Panel with updates on its progress towards implementation of the strategic plan until the implementation of a weighted special education funding model.

(c) Reports. On or before January 15 of 2026, 2027, 2028, and 2029, the Agency shall submit a written report to the House Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance with a detailed update on the Agency's implementation of its strategic plan and any recommendations for legislative changes needed to ensure a successful transition to a weighted funding model and continued successful implementation of Act 173.

Sec. 3. SPECIAL EDUCATION OVERSIGHT PANEL; REPORT

(a) Creation. There is created the Special Education Oversight Panel to review and evaluate the Agency of Education's three-year strategic plan for the implementation of special education in Vermont (the "strategic plan") and provide the Legislature with recommendations for how to improve the delivery of special education services and manage rising extraordinary special education costs as Vermont's special education finance system transitions from a census block grant to a weight for special education costs.

(b) Membership. The Oversight Panel shall be composed of the following members:

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(1) one member appointed by the Vermont Association of School Business Officials who shall have experience with both school district-operated specialized settings and out-of-district specialized settings;

(2) two members appointed by the Vermont Council of Special Education Administrators who shall be special education directors with experience working with a range of private and independent school settings and an understanding of Vermont's census block grant bunding system and how it differs from a reimbursement funding model;

(3) one member appointed by the Secretary of Education who shall have experience in Vermont with a range of specialized educations settings and Vermont's special education funding system;

(4) one member appointed by the Chair of the State Board of Education who shall be a member of the State Board with experience related to special education and rulemaking;

(5) one member appointed by the codirectors of the Building Effective Supports for Teaching (BEST) Project who shall have extensive experience in Vermont providing support for educators to offer better support to students experiencing emotional or behavioral challenges;

(6) two members who shall be parents of children with disabilities, one appointed by the Vermont Family Network and one appointed by the Special Needs Support Center of the Upper Valley; and

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(7) one member appointed by the Agency of Human Services, Department of Vermont Health Access who shall have experience in school-based Medicaid programs.

(c) Powers and duties. The Oversight Panel shall review and evaluate the Agency of Education's three-year strategic plan for the implementation of special education in Vermont and provide periodic updates to the General Assembly regarding the Agency's efforts towards implementation of the strategic plan.

(1) The Panel shall create unambiguous review criteria and provide the review criteria to the Agency on or before September 1, 2025.

(2) Based on the review criteria, the Panel shall review the Agency's strategic plan, evaluate the appropriateness of proposed benchmarks and timelines, and evaluate the Agency's capacity to complete needed work and implement the strategic plan. After completing the review and evaluation, the Panel shall vote to:

(A) request that the Agency amend the strategic plan;

(B) recommend approval of the strategic plan with clear, unambiguous objections or reservations; or

(C) recommend approval of the strategic plan;

(3) make recommendations to the Legislature for how to improve the provision of special education services and manage rising extraordinary special

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education costs as Vermont's education special education finance system transitions from a census block grant to a weight for special education costs; and

(4) receive updates from the Agency not less than every six weeks on the Agency's progress towards implementation of the strategic plan and submit a written report to the House and Senate Committees on Education regarding the Agency's progress and additional recommendations for adding capacity to the Agency in order to facilitate successful implementation of the strategic plan, as applicable.

(d) Assistance. The Oversight Panel shall have the administrative assistance of the Agency of Administration, who may also contract with an independent contractor on behalf of the Panel to assist the Panel in the work required under this section. The contract shall have expertise in the delivery of special education services and special education funding, with special consideration given to contractors with experience in Vermont; provided, however, that the independent contractor shall not hold a current contract with a State agency or department.

(e) Report. On or before January 15, 2026, and every six months thereafter, the Oversight Panel shall submit a written report to House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance with its findings and any

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recommendations for legislative action. Specifically, the report shall include an explanation of the criteria the Panel used to evaluate the Agency's strategic plan, as well as an assessment of the strategic plan and the Agency's progress towards and capacity for implementation of the plan.

(f) Meetings.

(1) The Secretary of Administration shall call the first meeting of the Oversight Panel to occur on or before July 15, 2025.

(2) The Committee shall select a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(4) The Oversight Panel shall cease to exist on July 1, 2029.

(g) Compensation and reimbursement. The members of the Oversight Panel shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than [#] meetings. These payments shall be made from monies appropriated to the Agency of Administration.

(h) Appropriation. The sum of $50,000.00 is appropriated to the Agency of Administration from the General Fund in fiscal year 2026 for per diem compensation and reimbursement of expenses for members of the Special Education Oversight Panel as well as to hire a consultant pursuant to this section.

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Sec. 4. POSITIONS; AGENCY OF EDUCATION

(a) Establishment of one new permanent classified position is authorized in the Agency of Education in fiscal year 2026 which shall be an Education Programs Coordinator II.

(b) The sum of $150,000.00 is appropriated from the General Fund to the Agency of Education in fiscal year 2026 for the purposes of funding the Education Programs Coordinator II position created in subsection (a) of this section.

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